



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 5, 2001

### **H.R. 718** **Anti-Spamming Act of 2001**

*As ordered reported by the House Committee on the Judiciary on May 23, 2001*

CBO estimates that implementing H.R. 718 would result in no significant costs to the federal government. Because enactment of the bill could affect direct spending and receipts, pay-as-you-go procedures would apply, however, CBO estimates that any impact on direct spending and receipts would not be significant. H.R. 718 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The bill would impose a private-sector mandate as defined by UMRA on individuals who send commercial electronic mail containing a sexually oriented advertisement. Based on information provided by government and industry sources, CBO expects that the direct cost of complying with the mandate would fall well below the annual threshold established by UMRA (\$113 million in 2001, adjusted annually for inflation).

H.R. 718 would impose new restrictions on the transmission of unsolicited commercial electronic mail (UCE). The bill would establish criminal penalties for knowingly sending certain UCE that contains false identification information or sexually oriented advertisements. Under the bill's provisions, providers of internet access could initiate legal action against persons who send UCE containing false identification information. H.R. 718 also would direct the Attorney General to prepare a report, within 18 months of enactment, on the effectiveness and enforcement of the bill's provisions.

CBO estimates that it would cost the Department of Justice less than \$500,000 to prepare the report required by the bill, subject to the availability of appropriated funds. Because H.R. 718 would establish a new federal crime, the government would be able to pursue cases that it otherwise would not be able to prosecute. Under the bill, however, we expect a relatively small number of cases would be pursued and that any increase in costs for law enforcement, court proceedings, or prison operations would not be significant. Any such costs would be subject to the availability of appropriated funds.

Because those prosecuted and convicted under H.R. 718 could be subject to criminal fines, the government might collect additional fines if the bill is enacted. Collections of such fines

are recorded in the budget as governmental receipts (revenues), which are deposited in the Crime Victims Fund and spent later. Any additional receipts and direct spending from enacting H.R. 718 are not likely to be significant because of the relatively small number of cases involved.

H.R. 718 would impose a private-sector mandate as defined by UMRA on individuals who send electronic mail that contains a sexually oriented advertisement. The bill would require the senders to include marks or notices, to be prescribed by the Attorney General, on all such messages that would inform recipients of the sexual content of the message. Based on information provided by government and industry sources, CBO estimates that the direct cost of complying with this mandate would fall well below the annual threshold established by UMRA for private-sector mandates.

On April 13, 2001, CBO transmitted a cost estimate for H.R. 718, the Unsolicited Commercial Electronic Mail Act of 2001, as reported by the House Committee on Energy and Commerce on April 4, 2001. CBO estimated that implementing that legislation would cost about \$6 million over the 2002-2006 period and would increase revenues by about \$13 million over the same period, mostly from provisions affecting the Federal Trade Commission.

The CBO staff contacts for this estimate are Mark Grabowicz (for federal costs) and Lauren Marks (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.